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**From:** POLITICO Pro Energy  
**Sent:** Tue 8/11/2015 9:55:14 AM  
**Subject:** Morning Energy, presented by Chevron: EPA aims to move updated mercury rule next spring — States eye trading for carbon rule compliance — Kasich remark highlights GOP nuance problem

By Alex Guillén | 8/11/15 5:42 AM EDT

*With help from Elana Schor, Darren Goode, Andrew Restuccia and Steven Shepard*

**EPA WANTS TO MOVE UPDATED MERCURY RULE NEXT SPRING:** EPA isn't wasting any time moving toward issuing an updated version of the mercury rule that got tossed back to the agency in June by the Supreme Court. EPA told a federal court yesterday that it plans to ask for a remand that keeps the rule in place until EPA can issue a shiny new "appropriate and necessary" finding — this time considering costs, as per the high court — by April 15, 2016. EPA watchers know that's pretty quick for the agency to turn around, particularly since the court has not yet decided exactly how to proceed. But EPA says it can do it so quickly because, well, they already did it. EPA told the D.C. Circuit Court of Appeals that it already performed an "exhaustive consideration of costs" during later stages of the rulemaking process. "The existence of those documents indicates that the Agency can meet an ambitious schedule on remand," EPA writes: <http://politico.pro/1N4TvoQ>

**Lawsuit #2?** "The Supreme Court explicitly declined to limit the EPA's discretion as to how to consider costs ... and the Agency has not yet determined how it will do so," EPA wrote. As Pros will remember, the court pointedly did not rule on whether EPA should be limited to counting the direct benefits of the mercury rule (several million dollars) or if it can also count the co-benefits from reductions of other pollutants like particulate matter (tens of billions of dollars).

**The more immediate matter:** That news was tucked away in an EPA filing urging the court against granting a request from power provider Tri-State Generation and Transmission Association for an exemption for an infrequently used Colorado facility for part of the rule limiting hydrochloric acid emissions. Neither the dilemma raised over the plant's continued operation or the Supreme Court's decision justifies such "unusual relief," EPA argues.

**TRADING SPACES — STATES EYE TRADING FOR CARBON RULE COMPLIANCE:** The Obama administration's push for carbon trading is finding potential converts in some unlikely places. While officials are still poring over the details of the rule, EPA's emphasis on trading is attracting significant attention. Officials in Minnesota and North Dakota, which is being asked to implement some of the steepest carbon dioxide cuts, have discussed setting up a trading program. Policymakers in New England, which has had a cap-and-trade program in place for six years, are fielding calls from around the country asking how they did it. And some power providers are exploring how plant operators could trade with each other directly even when their state governments do not establish formal programs. Your host has more: <http://politico.pro/1hv8Piv>

**GINA, GINA, DANCE ALL NIGHT, GINA, GINA, FEEL ALL RIGHT:** EPA chief Gina McCarthy will do a victory lap today when she talks about the Clean Power Plan at the P Street

headquarters of Resources for the Future. Fun fact: Anyone who says they've read the entire plan by now is either lying or a dedicated Clean Air Act lawyer (or both). Still, the conversation should be pretty lively. Watch live at 12:15 p.m. here: <http://www.rff.org/live/>

**Today in new CPP documents:** EPA has posted two new Clean Power Plan documents online, an updated 440-page report on state policies promoting renewable energy and efficiency: <http://1.usa.gov/1FSbE4B>. And a "state goal visualizer" that includes a step-by-step walkthrough of how state goals were determined: <http://1.usa.gov/1MZ1R1W>

**MORNING VIDEO — TALKING CARBON RULE WITH FERC'S MOELLER:** POLITICO's Darren Samuelsohn sits down with FERC Commissioner Philip Moeller to discuss EPA's Clean Power Plan: <http://politi.co/1PhHvQ2>

**HAPPY TUESDAY** and welcome to Morning Energy. Your host is proud to report he will soon partner with Rock'n'Roll World magazine to go undercover at Camp Firewood — so long as he can pass for a 16-year-old. Send your news to [aguillen@politico.com](mailto:aguillen@politico.com), and follow on Twitter [@alexcguillen](https://twitter.com/alexcguillen), [@Morning\\_Energy](https://twitter.com/Morning_Energy) and [@POLITICOPRO](https://twitter.com/POLITICOPRO).

**\*\* A message from Chevron:** Congratulations to the winners of the first-ever US2020 STEM Mentoring Awards. Chevron is proud to be a Co-sponsor of the award, and to recognize the mentors who are helping cultivate the next generation of STEM professionals. See how Chevron supports America's future innovators: <http://tinyurl.com/nmd37qj> \*\*

**STEYER GROUP DROPS \$840K ON ADS IN IOWA, N.H., OHIO:** Tom Steyer's NextGen Climate Action group has bought television ad time in several key early primary states totaling more than \$840,000, according to a source tracking ad buys. The ads start running as early as today and run through Aug. 21 in the major markets in Iowa, New Hampshire and Ohio, as well as Washington, D.C. It wasn't immediately clear what the ads are about, though tossing Ohio in along with the early primary states may indicate the group is going after Gov. John Kasich's remarks Sunday about climate change. NextGen did not return a request for comment.

**KASICH'S 'THEORY' REMARK HIGHLIGHTS GOP NUANCE PROBLEM:** John Kasich's climate change stumble over the weekend illustrates the difficulty some Republicans will face in outlining a nuanced position on the issue on the presidential campaign trail. The Ohio governor's reference to climate change as "some theory that's not proven" played into Democrats' efforts to frame the entire Republican Party as hostile to science and out-of-step with young, independent voters who are likely to decide the election next year. Kasich's campaign quickly downplayed the remarks, but it highlighted the balancing act for candidates struggling to gain traction with a GOP base that largely dismisses the problem. Darren Goode has the story: <http://politico.pro/1HCvnTk>

**Faison — Comments acknowledge swing voters:** Jay Faison, the Republican businessman who pledged \$175 million on a campaign to push for the GOP to address climate change, said Kasich's comments show that the party's candidates are starting to see climate change as an issue to capture swing voters. "Whether it will make it easier or harder for us depends on how quickly the candidates can speak with confidence and clarity on the matter, which goes a long

way when you're running for president," he told ME in a statement. "The sooner the better. So far, Jeb Bush and Lindsey Graham are the only ones that have managed to do it and it seems Kasich is testing out the waters. He certainly wouldn't take that risk if the polls didn't justify it."

**ANIMAS RIVER TO REMAIN CLOSED THROUGH AUG. 17 AT LEAST:** The Associated Press has the latest on the Animas River spill in Colorado: "Farmers, towns and tribes slammed water-intake gates shut as a sludge-laden plume from a Colorado mine spill rolled down principal rivers in the desert Southwest on Monday, prompting local officials and families to demand answers about possible long-term threats from heavy metals borne along by the spill. ... The EPA said stretches of the rivers would be closed for drinking water, recreation and other uses at least through Aug. 17." AP: <http://srib.mn/1DIVInL>

**Smith wants details:** House Science Chairman Lamar Smith (R-Texas) has joined the long line of local, state and federal officials demanding answers from EPA. "It is concerning that the agency charged with ensuring that the nation's waters are clean is reportedly responsible for the toxic water spill at Gold King Mine," he wrote in a letter demanding information from EPA. Read: <http://1.usa.gov/1J0xS7i>

**KEYSTONE TO THEIR HEART:** The National Nurses Union gave their Democratic primary endorsement to Sen. Bernie Sanders on Monday, shunning Hillary Clinton in part because of her lack of a stance on Keystone XL. It's unlikely that the choice portends future headaches among Washington environmental groups that have fought Keystone, though Friends of the Earth Action also cited the pipeline in giving its presidential nod to Sanders earlier this month. Sanders' longstanding opposition to Keystone underscores that "he understands the health impacts of climate change," a spokesman for the nurses' union told Buzzfeed:

<http://bzfd.it/1KeGrYF>

**YES, VIRGINIA, THERE IS A WAY FOR HILLARY TO WIN COAL COUNTRY:** Sen. Tim Kaine (D-Va.) has some advice for how Hillary Clinton can sell states like his on climate action. Among other things, he tells Reuters to highlight how natural gas weakened coal, argue that the president should encourage the industry to innovate and explain that the U.S. can't get off coal completely in the short-term. <http://reut.rs/1PhCMhg>

**I BELIEVE I CAN FLY:** Put your seatbacks in the upright position for this one. EPA today will hold a public hearing on its proposed greenhouse gas endangerment finding for aircraft. There's not too much controversy around EPA's conclusion that aircraft emissions contribute to climate change. The real focus today will be on the second half of EPA's approach: Just how should the administration regulate emissions from aircraft given the global reach of the industry? The industry hopes the U.S. will stick to whatever goal the International Civil Aviation Organization lands on next year, while some environmentalists are pushing for the U.S. to take a more stringent glidepath. If you need a refresher, we explored these issues here:

<http://politico.pro/1I7JUqW>

**Cleared for takeoff:** The hearing starts at 10 a.m. at EPA's HQ. Are you grounded outside the Beltway? Folks not attending can dial a listen-only line at 1-866-299-3188, conference code 1433527160. Comments on the proposal are due Aug. 31.

**Meanwhile, in Big Sky Country:** The Interior Department will hold its second listening session on the federal coal program today in Billings, Mont. This is the second of five sessions, following one last month at Interior's D.C. headquarters. Other meetings are Aug. 13 in Gillette, Wyo.; Aug. 18 in Denver; and Aug. 20 in Farmington, N.M.

**But wait, there's more:** Interior's Office of Surface Mining will kick off a series of public meetings on its proposed stream rule Sept. 1 in Denver. That's followed by events in Lexington, Ky.; St. Louis, Mo.; Pittsburgh, Pa.; Big Stone Gap, Va.; and Charleston, W.Va. Details via OSM: <http://1.usa.gov/1MYVBqY>

## QUICK HITS

- Shell wants Interior's approval to drill deeper beneath the Chukchi Sea. Fuel Fix: <http://bit.ly/1Tn8SZt>
- California's consumer advocate will withdraw from a multi-billion dollar settlement over the San Onofre nuclear plant. Los Angeles Times: <http://lat.ms/1JSEy8b>
- A nuclear plant in southern Japan is the first to restart with new post-Fukushima safety requirements. AP: <http://bit.ly/1N5zyOt>
- Ikea will sell only LED bulbs. New York Times: <http://nyti.ms/1Mh5cYT>

## HAPPENING TODAY

11:30 a.m. — ICF International hosts a webinar on the Clean Power Plan. <http://bit.ly/1MgFbsw>

11:45 a.m. — The eGeneration Foundation hosts a briefing on next-generation nuclear technologies, including liquid core molten salt reactors. <http://bit.ly/1htB5C9>. Longworth 1302

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**\*\* A message from Chevron:** Congratulations to the winners of the first-ever US2020 STEM Mentoring Awards. Chevron is proud to be a Co-sponsor of the award, and to recognize the mentors who are helping cultivate the next generation of STEM professionals. See how Chevron supports America's future innovators: <http://tinyurl.com/q26nhof> \*\*

## Stories from POLITICO Pro

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## **EPA push for carbon trading may produce some unlikely converts back**

By Alex Guillén | 8/11/15 5:00 AM EDT

The Obama administration's push for carbon trading is finding potential converts in some unlikely places.

While officials are still poring over the details of the rule, EPA's emphasis on trading is attracting significant attention. Officials in Minnesota and North Dakota, which is being asked to implement some of the steepest carbon dioxide cuts, have discussed setting up a trading program. Policymakers in New England, which has had a cap-and-trade program in place for six years, are fielding calls from around the country asking how they did it. And some power providers are exploring how plant operators could trade with each other directly even when their state governments do not establish formal programs.

"I think there's a willingness now in some states to at least look at that," said Dave Glatt, the head of the North Dakota Department of Health's Environmental Health Section, which is responsible for implementing EPA's Clean Power Plan.

EPA said cap-and-trade-style approaches likely would provide the easiest and cheapest option for states that have to enforce its new carbon rules for power plants, and it outlined several possible applications for such programs when it finalized the rules last week.

While at least a dozen state attorneys general and various fossil fuel interests are preparing for a years-long court battle in an effort to topple the rules, the officials and executives who will be in charge of enforcing the regulations are eyeing cap-and-trade as attractive option to comply if the rules survive legal challenges.

To EPA and its defenders, the benefits of trading are significant, especially for greenhouse gases, which contribute to climate change no matter where they are emitted. Trading helps identify the cheapest carbon dioxide reductions available, eases fears over grid reliability and could smooth wrinkles across differing regulatory regimes across state lines.

Those potential benefits may prove enough to win grudging support from even the most anti-cap-and-trade governor.

"Putting the politics and the rhetoric aside, when it comes down to developing a state plan that works for the state and its ratepayers, I think that folks are going to realize that they're going to want to have an option for trading," said David Thornton, an assistant commissioner at the Minnesota Pollution Control Agency.

EPA's proposed federal implementation plan, which serves both as a guide for states writing their own plans and a starting point for whichever states will have a plan written by EPA, outlines in detail the potential of emissions trading.

When EPA first proposed the carbon rule last year it envisioned multi-state trading agreements, similar to the Northeast's Regional Greenhouse Gas Initiative, as a leading compliance option. But it quickly became clear that some states would find it difficult to implement a formal compact, for political or logistical reasons.

For example, Thornton noted that Minnesota's neighbors "think a little bit differently about this issue than we do" and said it would have been difficult to envision Minnesota's Democratic Gov. Mark Dayton partnering with Wisconsin Gov. Scott Walker, who is seeking the Republican presidential nomination and vocally opposes the rule.

Critics such as Senate Majority Leader Mitch McConnell also claimed that such compacts would need congressional approval, a virtual impossibility in the current political environment.

The final rule avoids some of those concerns by encouraging states to design a "trading-ready" system that could allow power plant operators to trade credits with facilities in other states even if the states have not formally agreed to cooperate.

"I think that if it comes down to the point that they actually have to submit a plan and the courts are not going to rule against EPA, I'm going to guess that the utilities in those states are going to be very much interested in having the opportunity to trade," said Thornton.

North Dakota's Glatt is no fan of EPA's carbon rule, which he thinks gives too little credit to the state's wind power sector and risks increasing utility bills for residents who face some of the most brutal winters in the nation. He said that Sen. Heidi Heitkamp was "being kind" when she described the final rule's quadrupling of the state's reduction goal as a "slap in the face," but he is not dismissing trading as an option to comply.

"Everything's on the table as we evaluate the potential for an acceptable plan," Glatt told POLITICO in a recent interview. That's assuming North Dakota, which relies heavily on coal power for its electricity, even can meet its steep reduction goal, Glatt added.

North Dakota and Minnesota are among those states that have begun mulling whether to use trading to comply with EPA's mandated carbon cuts. An informal working group of utilities, environmental groups and plant operators in Minnesota has been discussing compliance for more than a year, Thornton said, and they quickly recognized the potential benefits of trading.

"We got the clear sense from our group that having the option of trading, certainly within a utility in the state and even between utilities in the state, would be a feature that they wanted us to keep our minds open about," Thornton said. "And also trading about the country was something that they wanted to be a potential option of any plan that we considered."

Power providers also acknowledge that trading could be beneficial, although officials caution that much will depend on how trading programs operate in practice. Kirk Johnson, the senior vice president of government relations at the National Rural Electric Cooperative Association, said the benefit of such a program would depend on the price of carbon credits, the costs of

which would be passed through to co-op members.

"Co-ops are investigating the various options, and we're not going to take anything off the table if it means it would help lower the impact of the plan on our consumers," Johnson said. "And trading may very well be one of those strategies."

To be sure, some in the industry are convinced that emissions trading would increase prices regardless of how a program was designed and resist EPA's involvement in any case.

"If we were able to do this on our own, using our own methods, our own goals, we'd be able to achieve these types of things more economically than we would have if the EPA wasn't with us the whole time looking over our shoulder," said Jason Bohrer, president and CEO of the North Dakota-based Lignite Energy Council.

While states and industry are sorting through the details, some are looking to the trading pioneers at the Regional Greenhouse Gas Initiative for guidance.

It's impossible to say how much an emission reduction credit might sell for in any future trading market. At its June auction, RGGI sold more than 15.5 million carbon dioxide allowances, just under half of the lot offered, at a clearing price of \$5.50 per ton.

Katie Dykes, the chair of RGGI's board of directors, said that the nine RGGI states already have cut their emissions by 40 percent since 2005 while growing their economies and maintaining grid reliability.

"We were pleased to see that EPA recognized ... in the final rule that this structure of this multi-state mass-based program would be a pathway for compliance," said Dykes, who serves as deputy commissioner for energy at Connecticut's Department of Energy and Environmental Protection.

Dykes said RGGI has gotten informal requests from several states interested in possibly setting up their own interstate trading groups.

New Jersey, which last week completed the final steps to withdraw from RGGI, is not among them, she said.back

### **Kasich misstep shows difficulty for Republicans who want nuance on climate change back**

By Darren Goode | 8/10/15 6:00 PM EDT

John Kasich's climate change stumble over the weekend illustrates the difficulty some Republicans will face in outlining a nuanced position on the issue on the presidential campaign trail.

The Ohio governor's reference to climate change as "some theory that's not proven" played into

Democrats' efforts to frame the entire Republican Party as hostile to science and out-of-step with young, independent voters who are likely to decide the election next year. Kasich's campaign quickly downplayed the remarks and reiterated his past view that humans are responsible for climate change, but the remark highlighted the balancing act for candidates struggling to gain traction with a GOP base that largely dismisses the problem.

"One thing that Republican officeholders and candidates are struggling with ... is really what policy prescriptions can they put forward that would be accessible to Republican and conservative voters particularly in the primary," said Rob Sisson, who heads ConservAmerica, formerly known as Republicans for Environmental Protection. The key is not to turn off conservative voters by appearing to embrace policies such as cap-and-trade, he said, but "that causes some of these statements that sound like what Gov. Kasich said yesterday and cause some confusion."

Hillary Clinton's campaign is labeling Republicans as anti-science in a broader-brushed effort to paint the party as out-of-step with the public on a variety of evolving issues, including gay marriage, women's health and normalizing relations with Cuba. When she rolled out initial climate proposals last month, the Clinton campaign released a [video](#) mocking Republican candidates claiming they are "not a scientist" to dodge questions about climate change.

Even the handful of the 17 Republican presidential candidates who have said climate change is real have struggled to balance that acknowledgement with the broader GOP criticism that the EPA climate regulations imposed by the Obama administration are too burdensome to the economy.

Kasich told Chuck Todd on "Meet the Press" Sunday that "man absolutely affects the environment," while adding that "the overall impact" remains a "legitimate debate." He also touted his efforts as governor to reduce Ohio's air pollution and clean up Lake Erie. It was the last sentence that caused green activists to pounce: "But we don't want to destroy people's jobs based on some theory that's not proven," he said.

That would on the surface appear to be quite the turnaround for Kasich, who has stood out as a moderate in a conservative GOP presidential field that largely rejects climate science or dances around the question. While recent polls still put Kasich near the bottom of the pack, he was judged among the winners of last week's GOP debate and is seen as a top contender to secure the vice presidential nod.

Kasich's campaign walked back his comments later Sunday. Spokesman Chris Schrimpf said in an email that the governor's view remains that climate change "is real and that humans play a significant factor and we need to do something about it."

But in a potential precursor to attacks he would face in a general election, environmental political activists seized on the confusion.

"The bottom line is John Kasich is like every other Republican running for president save Lindsey Graham ... against acting to reduce carbon pollution to slow climate change," said

Daniel Weiss, senior vice president for campaigns at the League of Conservation Voters.

As governor, Kasich has not said whether he would refuse to cooperate with EPA's recently finalized carbon rules for power plants, but the state's top environmental regulator has called them irresponsible and its attorney general has asked EPA to stay the rule.

Climate change still resonates as a low priority in the election, and it is of such little concern to GOP primary voters that Republican pollster Frank Luntz's firm isn't even bothering to ask them about it.

The issue only came up once in last Thursday's GOP debates. And that was just to give Graham an opportunity to explain why conservatives could "trust" him after he was part of unsuccessful bipartisan efforts to come up with a climate strategy that is "extremely unpopular with conservative Republicans," as Fox News moderator Bill Hemmer put it.

The South Carolina Republican, in turn, used the question as an opportunity to distinguish himself from his primary competition.

"You can trust me to do the following: when I get on stage with Hillary Clinton, we won't be debating about the science, we'll be debating about the solutions," Graham said, even as he dismissed "cap-and-trade" as a Clinton-favored policy that would "destroy the economy in the name of helping the environment."

Jeb Bush, Chris Christie and George Pataki have also said climate change is real and should be addressed. But Bush and Christie have also recently questioned the extent to which human activity is responsible. Pataki recently said he was "extremely disappointed" in the cap-and-trade program he helped establish in the Northeast. And Graham has not mentioned his previous work with former-Sens. John Kerry (D-Mass.) and Joe Lieberman (I-Conn.) on a cap-and-trade bill that he abandoned before it was introduced.

Even Marco Rubio, who as speaker of the Florida House of Representatives helped push a 2008 bill that would have set up a statewide cap-and-trade program, later backed away from the idea. He has since struggled to deliver a consistent view on whether humans are a cause of climate change.

"Florida should position itself, for what I believe is inevitable, and that is a federal cap and trade program," Rubio told the "Florida Face to Face" program in March 2008. He said state's Department of Environmental Protection should have "a mandate that they go out and design a cap and trade or a carbon tax program and bring it back to the legislature for ratification" and later presided over a unanimous vote to direct the department to do that.

But by the end of 2009 when Rubio was running for the U.S. Senate, he claimed his plan all along was the defeat the idea by ensuring a Republican-led state legislature had the last say. "It has worked out as it was designed to work out," Rubio said at the time, "which was to stop a cap-and-trade system in Florida."back

## **Airlines on glide path for emissions rules back**

By Alex Guillén and Kathryn A. Wolfe | 6/11/15 5:53 PM EDT

Unlike other sectors that are facing major challenges in meeting new carbon pollution rules, the airline industry looks to be on a much smoother path.

EPA's proposed endangerment finding released Wednesday said the carbon emissions from airplanes pose a threat to public health and welfare, setting the stage for the years-long process to limit the pollution that scientists blame for climate change.

But the administration signaled it intended to tie its regulations to the global emissions regime that the International Civil Aviation Organization is developing — with the caveat that the U.S. regulations could go further than what the U.N. body ultimately decides.

That's very different than the administration's plan for the power sector. The EPA's Clean Power Plan will put a heavy burden on the coal-fired power sector, pushing some older, less efficient units into retirement and setting a pollution limits that may effectively prohibit new coal plants from being built, eliminating a source that until recent years provided half the nation's electricity.

For the airline industry, the high cost of jet fuel already provides a strong incentive to limit its emissions: The expense of filling up their planes' fuel tanks is the biggest variable cost for the airlines, often totaling more than one-third of their expenses.

But unlike the electricity sector, setting an international standard has been a priority for the airlines, since that would avoid subjecting them to a patchwork of regulations if countries were to set their own rules. And it creates a level playing field for carriers, another major goal for the industry that must compete in a global market. That's especially true for U.S. airlines, whose international routes are their most lucrative, and therefore most prized.

Robert Mann, an airline industry analyst, said most major U.S. carriers have about one-third or more of their fleets optimized for international routes, "so whatever EPA wants to do domestically really needs to comport very closely with what ICAO, or frankly the U.N., would do internationally."

"Whatever's going to be the standard here needs to apply globally, and equally to all parties," Mann said, and the ideal forum for that is ICAO.

He compared the emissions rules process to the creation of international aircraft noise standards from the 1970s. Those rules were phased in as engine and airframe technologies improved, and Mann predicted that emissions will follow the same path.

"Frankly the airline industry has done real well on this without any help," Mann said. "As fuel became more expensive, it became increasingly clear that you had to go for the best natural fuel hedge, which was [to] fly the most efficient airplanes you possibly can."

The lobby groups General Aviation Manufacturers Association and Airlines for America have both cited the global nature of the air travel industry and thrown their tentative support behind efforts by ICAO to set a carbon standard early next year.

While the industry may be pleased by turning the process over to ICAO, green and clean transportation advocates doubt that those international standards will make a dent in emissions.

Vera Pardee, an attorney with the Center for Biological Diversity, one of the groups that sued to force EPA to consider aircraft emissions, called the ICAO proposals “absolutely unacceptable.”

ICAO is considering standards that would apply only to newly designed aircraft, not the existing fleet or types of craft currently in production. And because airplanes have decades-long lifespans, any emissions reduction from fuel savings will take several years to accumulate.

Pardee estimates such a standard would affect just 5 percent of the global fleet by 2030.

“These are critical times, and just devising a standard that makes basically no difference during the next two decades and then makes scantily any difference for the next three decades — that’s just irresponsible,” she said.

But Mann, the analyst, said it’s a matter of practicality. The only way to reduce emissions, he said, is to “continually replace older aircraft with newer — of course, that comes at very high capital costs.”

Mann added that beyond simply designing more efficient airframes and engines, the next logical step is looking at biofuels or electric or hybrid-powered craft. But airplanes are high-performance beasts, and though progress is being made, a standard biofuel for passenger airlines is a long way off, let alone an all-electric or hybrid construction.

Daniel Rutherford, an environmental engineer and aviation program director at the nonprofit International Council on Clean Transportation, said ICAO has a history of adopting “technology-following” standards that “target the worst aircraft rather than what is technologically possible.”

That worked for previous ICAO efforts, such as the 1970s noise reduction plan, because there were otherwise no incentives to take action, said Rutherford.

Technology-following standards are largely designed to prevent backsliding, since they lock the industry in to using the latest, most advanced equipment. But the air travel industry already has strong economic motivations to increase fuel efficiency, so the global carbon goals could spur an effort to create “technology-forcing” standards instead, a prospect generally opposed by industries facing upfront cost increases.

The Obama administration has defended the ICAO process, noting that U.S. environmental and aviation experts are contributing to the body’s work and that the U.S., as the biggest contributor to global aviation emissions, wields significant power in the proceedings.

Under the EPA process, the U.S. government would probably not finish an emissions standard for airplanes until 2018 at the earliest, but the proposed endangerment finding released on Wednesday is important because it is “the beginning of an effort to lay the groundwork for a broader international agreement, and then implementing that agreement here in the United States,” White House press secretary Josh Earnest said.

For the moment, EPA is focused on the ICAO process, which is slated to decide on global goals in February 2016, likely before the endangerment finding will even be finalized and the federal regulatory process kicks into gear.

“Our number one goal is to secure a meaningful international standard,” said Christopher Grundler, director of EPA’s Office of Transportation and Air Quality.

The 191-member ICAO has been getting outside help in developing the standards, Grundler added, not just from manufacturers, but also green groups and civil aviation organizations.

“It’s been quite an intensive and engaged process over the last nearly five years,” he said.

Despite their misgivings about the ICAO process, advocates for a robust emissions regime have found a kernel of hope in the administration’s proposal.

Along with its proposed endangerment finding on Wednesday, EPA asked the public for input on whether it should set stricter standards than whatever ICAO ultimately adopts.

Pardee said that unlike the Clean Air Act rules for cars and trucks, EPA did not have to limit its efforts to regulating newly designed planes and engines, and could tackle the existing fleet as well.

“It doesn’t have to do what ICAO says,” she said. “The statute says ‘regulate emissions from aircraft engines.’ It doesn’t say anything about ‘only those that are on the drawing board.’”

The possibility that EPA will take bigger bite of the apple, Rutherford said, is the “million-dollar question.”

The groundwork for expanding U.S. standards to the existing fleet traces back to the George W. Bush administration. EPA in 2008 published an analysis of regulating greenhouse gas emissions under the Clean Air Act in response to a 2007 Supreme Court ruling.

The agency dedicated a section of that analysis to ways to reduce emissions from existing aircraft, including technologies such as “blended winglets” — or curved wing tips — that reduce drag, alternative fuels with lower life-cycle emissions and operational strategies like single-engine taxiing and “continuous descent approach.”

Pardee said that the administration’s close ties to the ICAO process boils down to “passing the buck … to a completely industry-centric agency, but at least they are signaling that they can do it

differently.”

EPA isn’t really on the verge of instituting a cap-and-trade program for airplanes — regulations for new engines will likely take years, and any hypothetical efforts to address the existing fleet likely couldn’t happen until the 2020s.

But proponents for action say the administration has offered just enough of a hint to make it possible.

“I suspect it wouldn’t be something that would happen quickly, but a door is being left open for potentially doing something on airlines themselves,” Rutherford said.[back](#)

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